

TOWNSHIP OF HAIGHT  
Ontonagon County, Michigan

FINANCIAL REPORT WITH  
SUPPLEMENTARY INFORMATION

Year Ended March 31, 2008

## Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input checked="" type="checkbox"/> Twp <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Unit Name Township of Haight	County Ontonagon
Fiscal Year End March 31, 2008	Opinion Date July 15, 2008	Date Audit Report Submitted to State July 25, 2008	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

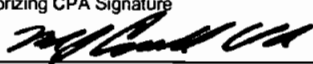
We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

YES NO **Check each applicable box below.** (See instructions for further detail.)

1. ☒ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. ☒ ☐ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. ☒ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. ☒ ☐ The local unit has adopted a budget for all required funds.
5. ☒ ☐ A public hearing on the budget was held in accordance with State statute.
6. ☒ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. ☒ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. ☒ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
9. ☒ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. ☒ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. ☒ ☐ The local unit is free of repeated comments from previous years.
12. ☒ ☐ The audit opinion is UNQUALIFIED.
13. ☒ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. ☒ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
15. ☒ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

<b>We have enclosed the following:</b>	Enclosed	Not Required (enter a brief justification)	
Financial Statements	<input checked="" type="checkbox"/>		
The letter of Comments and Recommendations	<input checked="" type="checkbox"/>		
Other (Describe)	<input type="checkbox"/>	N/A	
Certified Public Accountant (Firm Name) Campbell, Kusterer & Co., P.C.		Telephone Number 989-894-1040	
Street Address 512 N. Lincoln, Suite 100, P.O. Box 686		City Bay City	State MI
		Zip 48707	
Authorizing CPA Signature 	Printed Name Mark J. Campbell		License Number 1101007803

TOWNSHIP OF HAIGHT  
Ontonagon County, Michigan

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# **CAMPBELL, KUSTERER & CO., P.C.**

CERTIFIED PUBLIC ACCOUNTANTS

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## **INDEPENDENT AUDITOR'S REPORT**

July 15, 2008

To the Township Board  
Township of Haight  
Ontonagon County, Michigan

We have audited the accompanying financial statements of the governmental activities and each major fund of Township of Haight, Ontonagon County, Michigan as of and for the year ended March 31, 2008, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Township of Haight's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Township of Haight, Ontonagon County, Michigan as of March 31, 2008, and the respective changes in financial position thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis and budgetary comparison information listed in the table of contents are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the Township's basic financial statements. The other supporting information described in the accompanying table of contents is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, in our opinion, it is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Campbell, Kusterer & Co., P.C.*  
CAMPBELL, KUSTERER & CO., P.C.  
Certified Public Accountants

TOWNSHIP OF HAIGHT  
Ontonagon County, Michigan

MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the year ended March 31, 2008

The Management's Discussion and Analysis report of the Township of Haight covers the Township's financial performance during the year ended March 31, 2008.

FINANCIAL HIGHLIGHTS

Our financial status remained stable over the last year. Overall total capital assets remained approximately the same.

Overall revenues were \$82,849.96 from governmental activities with a \$22,441.94 increase in net assets.

OVERVIEW OF FINANCIAL STATEMENTS

This annual report consists of the basic financial statements and required supplementary information.

ENTITY-WIDE FINANCIAL STATEMENTS

The entity-wide statements report information about the Township as a whole. The statement of net assets includes all the Township's assets and liabilities. The statement of activities records all of the current year revenues and expenses regardless of when received or paid.

All of the activities of the Township are reported as governmental activities. These include the General Fund and the Road Improvement Fund.

FUND FINANCIAL STATEMENTS

The fund financial statements provide more detailed information about the Township's funds, focusing on significant (major) funds not the Township as a whole. Funds are used to account for specific activities or funding sources. Some funds are required by law or bond covenants. The Township Board also may create them. Funds are established to account for funding and spending of specific financial resources and to show proper expenditures of those resources.

FINANCIAL ANALYSIS OF THE TOWNSHIP AS A WHOLE

Our cash position in the governmental activities remains stable.

FINANCIAL ANALYSIS OF THE TOWNSHIP'S FUNDS

The General Fund pays for most of the Township's governmental services. The most significant are building and grounds which incurred expenses of \$8,364.77.

CAPITAL ASSET AND LONG-TERM DEBT ACTIVITY

The Township's governmental activities invested \$0 in capital assets.

The Township's governmental activities paid \$0 in principal on long-term debt.

TOWNSHIP OF HAIGHT  
Ontonagon County, Michigan

CONDENSED FINANCIAL INFORMATION

For the year ended March 31, 2008

	<u>Total</u> <u>Governmental</u> <u>Activities</u> <u>2008</u>
Current Assets	202 679
Capital Assets	<u>3 527</u>
Total Assets	<u>206 206</u>
Current Liabilities	-
Non-current Liabilities	<u>-</u>
Total Liabilities	<u>-</u>
Net Assets:	
Invested in Capital Assets	3 527
Unrestricted	<u>202 679</u>
Total Net Assets	<u><u>206 206</u></u>

	<u>Total</u> <u>Governmental</u> <u>Activities</u> <u>2008</u>
Program Revenues:	
Fees and Charges for Services	10 015
General Revenues:	
Property Taxes	31 353
State Revenue Sharing	17 036
Interest	6 220
Miscellaneous	<u>18 226</u>
Total Revenues	<u>82 850</u>
Program Expenses:	
Legislative	6 292
General Government	38 855
Public Safety	13 396
Public Works	<u>1 865</u>
Total Expenses	<u>60 408</u>
Increase in Net Assets	22 442
Net Assets, April 1	<u>183 764</u>
Net Assets, March 31	<u><u>206 206</u></u>

TOWNSHIP OF HAIGHT  
Ontonagon County, Michigan

MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the year ended March 31, 2008

KNOWN FACTORS AFFECTING FUTURE OPERATIONS

There are no known factors affecting future operations.

CONTACTING THE TOWNSHIP'S MANAGEMENT

This financial report is designed to provide our taxpayers, creditors, investors and customers with a general overview of the Townships finances and to demonstrate the Township's accountability for the revenues it receives. If you have any questions concerning this report please contact the Township at Haight Township Clerk, 10663 US Hwy 45 S. Bruce Crossing, Michigan 49912, Phone (906) 827-3319.

TOWNSHIP OF HAIGHT  
Ontonagon County, Michigan

GOVERNMENT-WIDE STATEMENT OF NET ASSETS

March 31, 2008

	<u>Governmental Activities</u>
ASSETS:	
CURRENT ASSETS:	
Cash in bank	200 916 16
Taxes receivable	<u>1 762 86</u>
Total Current Assets	<u>202 679 02</u>
NON-CURRENT ASSETS:	
Capital Assets	219 102 01
Less: Accumulated Depreciation	<u>(215 575 30)</u>
Total Non-current Assets	<u>3 526 71</u>
TOTAL ASSETS	<u><u>206 205 73</u></u>
LIABILITIES AND NET ASSETS:	
LIABILITIES:	
CURRENT LIABILITIES:	
Accounts payable	<u>-</u>
Total Current Liabilities	<u>-</u>
NON-CURRENT LIABILITIES	<u>-</u>
Total Non-current Liabilities	<u>-</u>
Total Liabilities	<u>-</u>
NET ASSETS:	
Invested in Capital Assets, Net of Related Debt	3 526 71
Unrestricted	<u>202 679 02</u>
Total Net Assets	<u>206 205 73</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>206 205 73</u></u>

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF HAIGHT  
Ontonagon County, Michigan

GOVERNMENT-WIDE STATEMENT OF ACTIVITIES  
Year ended March 31, 2008

	<u>Expenses</u>	<u>Program Revenue</u>	<u>Governmental Activities Net (Expense) Revenue and Changes in Net Assets</u>
<b>FUNCTIONS/PROGRAMS</b>			
Governmental Activities:			
Legislative	6 292 08	-	(6 292 08)
General government	38 854 49	8 774 66	(30 079 83)
Public safety	13 396 07	1 240 00	(12 156 07)
Public works	<u>1 865 38</u>	<u>-</u>	<u>(1 865 38)</u>
Total Governmental Activities	<u>60 408 02</u>	<u>10 014 66</u>	<u>(50 393 36)</u>
General Revenues:			
Property taxes			31 117 57
Other taxes			235 87
State revenue sharing			17 036 31
Interest			6 219 81
Miscellaneous			<u>18 225 74</u>
Total General Revenues			<u>72 835 30</u>
Change in net assets			22 441 94
Net assets, beginning of year			<u>183 763 79</u>
Net Assets, End of Year			<u>206 205 73</u>

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF HAIGHT  
Ontonagon County, Michigan

**BALANCE SHEET – GOVERNMENTAL FUNDS**  
March 31, 2008

	<u>General</u>	<u>Road Improvement</u>	<u>Total</u>
<b><u>Assets</u></b>			
Cash in bank	73 898 59	126 928 54	200 827 13
Taxes receivable	1 762 86	-	1 762 86
Due from other funds	89 03	-	89 03
<b>Total Assets</b>	<b><u>75 750 48</u></b>	<b><u>126 928 54</u></b>	<b><u>202 679 02</u></b>
<b><u>Liabilities and Fund Equity</u></b>			
<b>Liabilities:</b>			
Accounts payable	-	-	-
<b>Total liabilities</b>	-	-	-
<b>Fund equity:</b>			
Fund balances:			
Unreserved:			
Undesignated	75 750 48	126 928 54	202 679 02
<b>Total fund equity</b>	<b><u>75 750 48</u></b>	<b><u>126 928 54</u></b>	<b><u>202 679 02</u></b>
<b>Total Liabilities and Fund Equity</b>	<b><u>75 750 48</u></b>	<b><u>126 928 54</u></b>	<b><u>202 679 02</u></b>

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF HAIGHT  
Ontonagon County, Michigan

RECONCILIATION OF BALANCE SHEET OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET ASSETS  
March 31, 2008

TOTAL FUND BALANCES – GOVERNMENTAL FUNDS 202 679 02

Amounts reported for governmental activities in the statement of  
net assets are different because –

Capital assets used in governmental activities are not financial resources and  
therefore are not reported in the governmental funds balance sheet:

Capital assets at cost	219 102 01
Accumulated depreciation	<u>(215 575 30)</u>

TOTAL NET ASSETS – GOVERNMENTAL ACTIVITIES 206 205 73

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF HAIGHT  
Ontonagon County, Michigan

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS  
Year Ended March 31, 2008

	<u>General</u>	<u>Road Improvement</u>	<u>Total</u>
Revenues:			
Property taxes	22 208 08	8 909 49	31 117 57
Other taxes	235 87	-	235 87
Licenses and permits	1 240 00	-	1 240 00
State revenue sharing	17 036 31	-	17 036 31
Charges for services:			
Cemetery lots	600 00	-	600 00
Property tax administration	7 724 66	-	7 724 66
Rent	450 00	-	450 00
Interest	3 212 60	3 007 21	6 219 81
Miscellaneous	18 225 74	-	18 225 74
Total revenues	<u>70 933 26</u>	<u>11 916 70</u>	<u>82 849 96</u>
Expenditures:			
Legislative:			
Township Board	6 292 08	-	6 292 08
General government:			
Supervisor	6 972 32	-	6 972 32
Elections	1 428 26	-	1 428 26
Assessor	3 596 09	-	3 596 09
Clerk	5 981 59	-	5 981 59
Board of Review	585 64	-	585 64
Treasurer	7 887 84	-	7 887 84
Building and grounds	8 364 77	-	8 364 77
Cemetery	2 554 00	-	2 554 00
Unallocated	715 04	-	715 04
Public safety:			
Liquor law enforcement	482 50	-	482 50
Fire protection	6 013 58	-	6 013 58
Ambulance	5 466 49	-	5 466 49
Protective inspection	1 148 00	-	1 148 00
Planning and zoning	285 50	-	285 50
Public works:			
Street lighting	-	1 865 38	1 865 38
Total expenditures	<u>57 773 70</u>	<u>1 865 38</u>	<u>59 639 08</u>
Excess (deficiency) of revenues over expenditures	13 159 56	10 051 32	23 210 88
Fund balances, April 1	<u>62 590 92</u>	<u>116 877 22</u>	<u>179 468 14</u>
Fund Balances, March 31	<u><u>75 750 48</u></u>	<u><u>126 928 54</u></u>	<u><u>202 679 02</u></u>

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF HAIGHT  
Ontonagon County, Michigan

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

Year ended March 31, 2008

NET CHANGE IN FUND BALANCES – TOTAL GOVERNMENTAL FUNDS	23 210 88
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Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures; in the Statement of Activities,  
these costs are allocated over their estimated useful lives as depreciation

Depreciation Expense	(768 94)
Capital Outlay	<u>-</u>

CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u>22 441 94</u>
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The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF HAIGHT  
Ontonagon County, Michigan

NOTES TO FINANCIAL STATEMENTS  
March 31, 2008

Note 1 – Summary of Significant Accounting Policies

The accounting policies of the Township of Haight, Ontonagon County, Michigan, conform to generally accepted accounting principles as applicable to governmental units.

Reporting Entity

The financial statements of the Township contain all the Township funds that are controlled by or dependent on the Township's executive or legislative branches.

The reporting entity is the Township of Haight. The Township is governed by an elected Township Board. As required by generally accepted accounting principles, these financial statements present the Township as the primary government.

Government-Wide and Fund Financial Statements

The government-wide financial statements, (the Statement of Net Assets and the Statement of Changes in Net Assets) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. All the Township's government-wide activities are considered governmental activities.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include: (1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes, intergovernmental payments and other items not properly included among program revenues are reported as general revenue.

Major individual governmental funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. When an expense is incurred for purposes for which both restricted and unrestricted net assets are available, restricted resources are applied first.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

TOWNSHIP OF HAIGHT  
Ontonagon County, Michigan

NOTES TO FINANCIAL STATEMENTS

March 31, 2008

Note 1 – Summary of Significant Accounting Policies (continued)

Governmental Funds

General Fund

This fund is used to account for all financial transactions except those required to be accounted for in another fund. The fund includes the general operating expenditures of the local unit. Revenues are derived primarily from property taxes, state and federal distributions, grants, and other intergovernmental revenues.

Special Revenue Fund

This fund is used to account for specific governmental revenues requiring separate accounting because of legal or regulating provisions or administrative action.

Fiduciary Fund

The Current Tax Collection Fund is used to account for assets held as an agent for others.

Assets, Liabilities and Net Assets or Equity

Bank deposits and investments – Cash and cash equivalent investments include cash on hand, demand deposits, certificates of deposit and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value.

Receivables

Receivables have been recognized for all significant amounts due to the Township. Allowances for uncollectible accounts have not been provided for in that collection is not considered doubtful and any uncollected amount would be immaterial.

Investments

Investments are stated at market.

Inventories

Inventories of supplies are considered to be immaterial and are not recorded.

Property Taxes

Property taxes and other revenue that are both measurable and available for use to finance operations are recorded as revenue when earned.

Properties are assessed as of December 31 and the related property taxes become a lien on December 1 of the following year. These taxes are due on February 14 with the final collection date of February 28 before they are added to the county tax rolls. The 2007 tax roll millage rate was 1.9220 mills, and the taxable value was \$11,527,625.00.

Encumbrances

Encumbrances involving the current recognition of purchase orders, contracts and other commitments for future expenditures are not recorded.

TOWNSHIP OF HAIGHT  
Ontonagon County, Michigan

NOTES TO FINANCIAL STATEMENTS  
March 31, 2008

Note 1 – Summary of Significant Accounting Policies (continued)

Capital Assets

Capital assets are defined by the Township as assets with an initial cost of more than \$1,000.00 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost. Donated assets are reported at estimated fair market value at the date of donation. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Buildings, additions and improvements	50 years
Furniture and equipment	10-15 years

Compensated Absences (Vacation and Sick Leave)

Employees are not allowed to accumulate vacation and sick pay.

Post-employment Benefits

The Township provides no post-employment benefits to past employees.

Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Note 2 – Budgets and Budgetary Accounting

The following procedures are followed in establishing the budgetary data reflected in these financial statements:

1. Prior to the beginning of the fiscal year, the proposed budget for each budgetary fund is submitted to the Township Board for consideration.
2. The proposed budgets include expenditures as well as the methods of financing them.
3. Public hearings are held to obtain taxpayer comments.
4. The budgets are adopted at the activity level by a majority vote of the Township Board.
5. The budgets are adopted on the modified accrual basis of accounting.
6. The originally adopted budgets can be amended during the year only by a majority vote of the Township Board.
7. The adopted budgets are used as a management control device during the year for all budgetary funds.
8. Budget appropriations lapse at the end of each fiscal year.
9. The budgeted amounts shown in these financial statements are the originally adopted budgets with all amendments that were approved by the Township Board during the fiscal year.

TOWNSHIP OF HAIGHT  
Ontonagon County, Michigan

NOTES TO FINANCIAL STATEMENTS  
March 31, 2008

**Note 3 – Deposits and Investments**

Michigan Compiled Laws, Section 129.91, authorizes the Township to deposit and invest in the accounts of federally insured banks, credit unions, and savings and loan associations; bonds, securities and other direct obligations of the United States, or any agency or instrumentality of the United States; United States government or federal agency obligation repurchase agreements; banker's acceptance of United States banks; commercial paper rated within the two highest classifications, which mature not more than 270 days after the date purchase; obligations of the State of Michigan or its political subdivisions which are rated as investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan. Financial institutions eligible for deposit of public funds must maintain an office in Michigan.

The Township Board has designated two banks for the deposit of Township funds. The investment policy adopted by the Board in accordance with Public Act 196 of 1997 has authorized investment in all investments authorized by state law as listed above.

The Township's deposits and investments are in accordance with statutory authority.

The Governmental Accounting Standards Board Statement No. 3, risk disclosures for the cash deposits are as follows:

	<u>Carrying Amounts</u>
Total Deposits	<u>200 916 16</u>

Amounts in the bank balances are without considering deposits in transit or uncleared checks.

	<u>Bank Balances</u>
Insured (FDIC)	129 272 70
Uninsured and Uncollateralized	<u>72 727 86</u>
Total Deposits	<u>202 000 56</u>

The Township of Haight did not have any investments as of March 31, 2008.

**Disclosures Relating to Interest Rate Risk**

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the Township manages its exposure to interest rate risk is by participating in financial institution pooled funds and in mutual funds which hold diverse investments that are authorized by law for direct investments.

**Concentration of Credit Risk**

Generally, credit risk the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The financial institution pooled funds are the mutual funds do not have a rating provided by a nationally recognized statistical rating organization.

The investment policy of the Township contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by Michigan law.

TOWNSHIP OF HAIGHT  
Ontonagon County, Michigan

NOTES TO FINANCIAL STATEMENTS  
March 31, 2008

Note 3 – Deposits and Investments (continued)

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. Michigan law and the Township's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits.

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. Michigan law and the Township's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for investments. With respect to investment, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools.

Note 4 – Capital Assets

Capital asset activity of the Township's Governmental activities for the current year was as follows:

	Balance 4/1/07	Additions	Deletions	Balance 3/31/08
<u>Governmental Activities:</u>				
Land	129 600 00	-	-	129 600 00
Buildings and improvement	79 194 35	-	-	79 194 35
Equipment	10 307 66	-	-	10 307 66
Total	219 102 01	-	-	219 102 01
Accumulated Depreciation	(214 806 36)	(768 94)	-	(215 575 30)
Net Capital Assets	4 295 65	(768 94)	-	3 526 71

Note 5 – Pension Plan

The Township does not have a pension plan.

Note 6 – Deferred Compensation Plan

The Township does not have a deferred compensation plan.

Note 7 – Risk Management

The Township is exposed to various risks of loss related to property loss, torts, errors, omissions, and employee injuries (workers' compensation). The Township has purchased commercial insurance for property loss, torts and workers' compensation claims. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

Note 8 – Building Permits

As of March 31, 2008, the Township had building permit revenues of \$1,240.00 and building permits expenses of \$1,148.00.

TOWNSHIP OF HAIGHT  
Ontonagon County, Michigan

NOTES TO FINANCIAL STATEMENTS  
March 31, 2008

Note 9 – Interfund Receivables and Payables

The amounts of interfund receivables and payables are as follows:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Fund</u>	<u>Interfund Payable</u>
General	<u>89 03</u>	Current Tax Collection	<u>89 03</u>

TOWNSHIP OF HAIGHT  
Ontonagon County, Michigan

**BUDGETARY COMPARISON SCHEDULE – GENERAL FUND**  
Year ended March 31, 2008

	Original Budget	Final Budget	Actual	Variance with Final Budget Over (Under)
<b>Revenues:</b>				
Property taxes	16 000 00	16 000 00	22 208 08	6 208 08
Other taxes	500 00	500 00	235 87	(264 13)
Licenses and permits	1 000 00	1 000 00	1 240 00	240 00
State revenue sharing	18 000 00	18 000 00	17 036 31	(963 69)
Charges for services:				
Cemetery lots	500 00	500 00	600 00	100 00
Property tax administration	8 000 00	8 000 00	7 724 66	(275 34)
Rent	300 00	300 00	450 00	150 00
Interest	1 100 00	1 100 00	3 212 60	2 112 60
Miscellaneous	1 000 00	1 000 00	18 225 74	17 225 74
<b>Total revenues</b>	<b>46 400 00</b>	<b>46 400 00</b>	<b>70 933 26</b>	<b>24 533 26</b>
<b>Expenditures:</b>				
Legislative:				
Township Board	7 860 00	7 860 00	6 292 08	(1 567 92)
General government:				
Supervisor	7 500 00	7 500 00	6 972 32	(527 68)
Elections	1 450 00	1 450 00	1 428 26	(21 74)
Assessor	4 590 00	4 590 00	3 596 09	(993 91)
Clerk	6 390 00	6 390 00	5 981 59	(408 41)
Board of Review	925 00	925 00	585 64	(339 36)
Treasurer	8 310 00	8 310 00	7 887 84	(422 16)
Building and grounds	10 100 00	10 100 00	8 364 77	(1 735 23)
Cemetery	3 200 00	3 200 00	2 554 00	(646 00)
Unallocated	2 500 00	2 500 00	715 04	(1 784 96)
Public safety:				
Liquor law enforcement	500 00	500 00	482 50	(17 50)
Fire protection	6 200 00	6 200 00	6 013 58	(186 42)
Ambulance	5 500 00	5 500 00	5 466 49	(33 51)
Protective inspection	1 500 00	1 500 00	1 148 00	(352 00)
Zoning	1 025 00	1 025 00	285 50	(739 50)
<b>Total expenditures</b>	<b>67 550 00</b>	<b>67 550 00</b>	<b>57 773 70</b>	<b>(9 776 30)</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(21 150 00)</b>	<b>(21 150 00)</b>	<b>13 159 56</b>	<b>34 309 56</b>
<b>Fund balance, April 1</b>	<b>21 150 00</b>	<b>21 150 00</b>	<b>62 590 92</b>	<b>41 440 92</b>
<b>Fund Balance, March 31</b>	<b>-</b>	<b>-</b>	<b>75 750 48</b>	<b>75 750 48</b>

TOWNSHIP OF HAIGHT  
Ontonagon County, Michigan

**BUDGETARY COMPARISON SCHEDULE – ROAD IMPROVEMENT FUND**  
Year ended March 31, 2008

	Original Budget	Final Budget	Actual	Variance with Final Budget Over (Under)
Revenues:				
Property taxes	-	-	8 909 49	8 909 49
Interest	<u>2 000 00</u>	<u>2 000 00</u>	<u>3 007 21</u>	<u>1 007 21</u>
Total revenues	<u>2 000 00</u>	<u>2 000 00</u>	<u>11 916 70</u>	<u>9 916 70</u>
Expenditures:				
Public works:				
Street lighting	<u>2 000 00</u>	<u>2 000 00</u>	<u>1 865 38</u>	<u>(134 62)</u>
Total expenditures	<u>2 000 00</u>	<u>2 000 00</u>	<u>1 865 38</u>	<u>(134 62)</u>
Excess (deficiency) of revenues over expenditures	-	-	10 051 32	10 051 32
Fund balance, April 1	<u>-</u>	<u>-</u>	<u>116 877 22</u>	<u>116 877 22</u>
Fund Balance, March 31	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>126 928 54</u></u>	<u><u>126 928 54</u></u>

TOWNSHIP OF HAIGHT  
Ontonagon County, Michigan

GENERAL FUND EXPENDITURES BY DETAILED ACCOUNT  
Year Ended March 31, 2008

Township Board:	
Salaries	3 000 00
Membership and dues	192 12
Miscellaneous	1 136 00
Social security	1 963 96
	<u>6 292 08</u>
Supervisor:	
Salary	5 100 00
Supplies	1 670 82
Mileage	201 50
	<u>6 972 32</u>
Elections:	
Wages	985 00
Supplies	186 76
Mileage	256 50
	<u>1 428 26</u>
Assessor:	
Wages	3 189 96
Miscellaneous	406 13
	<u>3 596 09</u>
Clerk:	
Salary	5 300 00
Supplies	73 84
Mileage	101 50
Miscellaneous	506 25
	<u>5 981 59</u>
Board of Review:	
Wages	585 64
	<u>585 64</u>
Treasurer:	
Salary	6 300 00
Supplies	847 84
Mileage	740 00
	<u>7 887 84</u>
Building and grounds:	
Wages	2 333 85
Operating supplies	1 697 21
Communications	417 87
Insurance	3 249 00
Repairs and maintenance	321 42
Utilities	345 42
	<u>8 364 77</u>
Cemetery:	
Wages	2 554 00
	<u>2 554 00</u>
Unallocated	<u>715 04</u>
Liquor law enforcement:	
Wages	482 50
	<u>482 50</u>
Fire protection:	
Contracted services	6 013 58
	<u>6 013 58</u>

TOWNSHIP OF HAIGHT  
Ontonagon County, Michigan

GENERAL FUND EXPENDITURES BY DETAILED ACCOUNT

Year Ended March 31, 2008

Ambulance:	
Contracted services	<u>5 466 49</u>
Protective inspection:	
Wages	800 00
Mileage	238 00
Miscellaneous	<u>110 00</u>
	<u>1 148 00</u>
Planning and zoning:	
Wages	<u>285 50</u>
Total Expenditures	<u><u>57 773 70</u></u>

TOWNSHIP OF HAIGHT  
Ontonagon County, Michigan

CURRENT TAX COLLECTION FUND  
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
Year ended March 31, 2008

	<u>Balance</u> <u>4/1/07</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>3/31/08</u>
<u>Assets</u>				
Cash in Bank	<u>79 14</u>	<u>495 426 46</u>	<u>495 416 57</u>	<u>89 03</u>
<u>Liabilities</u>				
Due to other funds	79 14	15 086 10	15 076 21	89 03
Due to other units	<u>-</u>	<u>480 340 36</u>	<u>480 340 36</u>	<u>-</u>
Total Liabilities	<u>79 14</u>	<u>495 426 46</u>	<u>495 416 57</u>	<u>89 03</u>

# **CAMPBELL, KUSTERER & CO., P.C.**

CERTIFIED PUBLIC ACCOUNTANTS

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KENNETH P. KUSTERER, CPA

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## **AUDIT COMMUNICATION AND REPORT OF COMMENTS AND RECOMMENDATIONS**

July 15, 2008

To the Township Board  
Township of Haight  
Ontonagon County, Michigan

We have audited the financial statements of the Township of Haight for the year ended March 31, 2008. As required by auditing standards generally accepted in the United States, the independent auditor is required to make several communications to the governing body having oversight responsibility for the audit. The purpose of this communication is to provide you with additional information regarding the scope and results of our audit that may assist you with your oversight responsibilities of the financial reporting process for which management is responsible.

### **AUDITOR'S RESPONSIBILITY UNDER AUDITING STANDARDS GENERALLY ACCEPTED IN THE UNITED STATES**

We conducted our audit of the financial statements of the Township of Haight in accordance with auditing standards generally accepted in the United States. The following paragraph explains our responsibilities under those standards.

Management has the responsibility for adopting sound accounting policies, for maintaining an adequate and effective system of accounts, for the safeguarding of assets, and for devising an internal control structure that will, among other things, help assure the proper recording of transactions. The transactions that should be reflected in the accounts and in the financial statements are matters within the direct knowledge and control of management. Our knowledge of such transactions is limited to that acquired through our audit. Accordingly, the fairness of representations made through the financial statements is an implicit and integral part of management's accounts and records. However, our responsibility for the financial statements is confined to the expression of an opinion on them. The financial statements remain the responsibility of management.

The concept of materiality is inherent in the work of an independent auditor. An auditor places greater emphasis on those items that have, on a relative basis, more importance to the financial statements and greater possibilities of material error than those items of lesser importance or those in which the possibility of material error is remote.

For this purpose, materiality has been defined as "the magnitude of an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would have been changed or influenced by the omission or misstatement."

An independent auditor's objective in an audit is to obtain sufficient competent evidential matter to provide a reasonable basis for forming an opinion on the financial statements. In doing so, the auditor must work within economic limits; the opinion, to be economically useful, must be formed within a reasonable length of time and at reasonable cost. That is why an auditor's work is based on selected tests rather than an attempt to verify all transactions. Since evidence is examined on a test basis only, an audit provides only reasonable assurance, rather than absolute assurance, that financial statements are free of material misstatement. Thus, there is a risk that audited financial statements may contain undiscovered material errors or fraud. The existence of that risk is implicit in the phrase in the audit report, "in our opinion."

To the Township Board  
Township of Haight  
Ontonagon County, Michigan

In the audit process, we gain an understanding of the internal control structure of an entity for the purpose of assisting in determining the nature, timing, and extent of audit testing. Our understanding is obtained by inquiry of management, testing transactions, and observation and review of documents and records. The amount of work done is not sufficient to provide a basis for an opinion on the adequacy of the internal control structure.

### **SIGNIFICANT ACCOUNTING POLICIES**

The significant accounting policies are described in Note 1 to the financial statements.

### **OTHER COMMUNICATIONS**

Auditing standards call for us to inform you of other significant issues such as, but not limited to, 1) Accounting estimates that are particularly sensitive because of their significance to the financial statements or because of the possibility that future events affecting them may differ markedly from management's current judgments; 2) Significant audit adjustments that may not have been detected except through the auditing procedures we performed; 3) Disagreements with management regarding the scope of the audit or application of accounting principles; 4) Consultation with other accountants; 5) Major issues discussed with management prior to retention; and 6) Difficulties encountered in performing the audit.

We have no significant issues, regarding these matters, to report to you at this time. Audit adjustments were minimal, and are available to review.

### **COMMENTS AND RECOMMENDATION REGARDING INTERNAL CONTROLS/ COMPLIANCE/ EFFICIENCY**

Our procedures disclosed the following conditions that we would like to bring to your attention:

#### **SEGREGATION OF DUTIES**

The Township's system of internal control is affected by the size of the staff that it can employ.

The ultimate accounting system would include enough employees to completely segregate all aspects of each transaction. Different departments or individuals would handle: transaction authorization, transaction execution, asset handling, recording of transactions, review of transactions and subsequent control of assets.

The Township cannot enact a complete segregation of all aspects of each transaction due to the nature of local units of government. The "cost to benefit" relationship also would not justify a complete segregation of all duties.

We recommend that the Township Board Members understand these circumstances when performing their oversight responsibilities.

These conditions were considered in determining the nature, timing and extent of the audit tests to be applied in our audit of the Township's financial statements and this communication of these matters does not affect our report on the Township's financial statements, dated March 31, 2008.

### **SUMMARY**

We welcome any questions you may have regarding the foregoing comments and we would be happy to discuss any of these or other questions that you might have at your convenience.

Sincerely,

*Campbell, Kusterer & Co., P.C.*  
CAMPBELL, KUSTERER & CO., P.C.  
Certified Public Accountants